

ORDINANCE NO. 2000-041

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, PERTAINING TO REGULATION OF THE MOTOR VEHICLE TITLE LOAN INDUSTRY; AMENDING CHAPTER 17, ARTICLE IX OF THE PALM BEACH COUNTY CODE (ORDINANCE NO. 99-10), KNOWN AS THE TITLE LOAN ORDINANCE OF PALM BEACH COUNTY, FLORIDA; PROVIDING DEFINITIONS; PROVIDING FOR MOTOR VEHICLE TITLE LOAN TRANSACTIONS; PROVIDING FOR A MAXIMUM INTEREST RATE; PROVIDING TRANSACTION SATISFACTION AND DEFAULT REQUIREMENTS; PROVIDING FOR A RIGHT TO REDEEM, LOST TITLE LOAN AGREEMENTS; PROVIDING FOR RECORD KEEPING; PROVIDING FOR SEVERABILITY; PROVIDING FOR INCLUSION IN THE CODE OF LAWS AND ORDINANCES; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of County Commissioners adopted Ordinance 99-10, known as the Title Loan Ordinance of Palm Beach County, Florida ("Ordinance"), which is codified at Chapter 17, Article IX of the Palm Beach County Code, regulating title loan lenders;

WHEREAS, the Florida Legislature recently adopted the "Florida Title Loan Act" ("Act") regulating title loan lenders;

WHEREAS, the Act permits counties and municipalities to adopt ordinances more restrictive, in whole or in part, than the provisions of the Act;

WHEREAS, the Board of County Commissioners desires to amend the Ordinance to make it consistent with the provisions of the Act.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF PALM BEACH COUNTY, FLORIDA, that:

SECTION 1. Chapter 17, Article IX, Section 17-312 of the Palm Beach County Code is hereby amended as follows:

Sec. 17-312. Definitions.

As used in this Article:

Commission means the Board of County Commissioners of Palm Beach County, Florida.

Division means the Palm Beach County Division of Consumer Affairs.

Motor Vehicle means an automobile, motorcycle, truck, trailer, semitrailer, truck tractor

1 and semitrailer combination, or any other vehicle operated on public highways and streets, used
2 to transport persons or property, and propelled by power other than muscular power, but
3 excluding vehicles which run only upon a track and a mobile home that is the primary residence
4 of the owner.

5 *Person* includes, but is not limited to, any individual, corporation, company, association,
6 firm, partnership, society, or joint stock company.

7 *Title Loan* means a loan of money secured by bailment of a certificate of title to a motor
8 vehicle, except such loan made by a person licensed under chapter 516, chapter 520, chapter 655,
9 chapter 657, chapter 658, chapter 660, chapter 663, chapter 665 or chapter 667, Florida Statutes,
10 as may be amended, or a person who complies with section 687.03, Florida Statutes, as may be
11 amended.

12 *Title Loan Agreement* means a written agreement whereby the title loan lender agrees to
13 make a ~~loan of a specific sum of money to a borrower, and the borrower agrees to give the title~~
14 ~~loan lender a security interest in an unencumbered motor vehicle certificate of title owned by the~~
15 ~~borrower.~~ title loan to a borrower.

16 *Title Loan Lender* means any person who is engaged in the business of making or
17 servicing title loans, ~~or engaging in title loan agreements with borrowers, which includes, but is~~
18 ~~not limited to, secondhand dealers, as defined in Chapter 538, Florida Statutes, as may be~~
19 ~~amended.~~

20 *Ultimate Equitable Owner* means a natural person who, directly or indirectly, owns or
21 controls an ownership interest in a corporation, a foreign corporation, an alien business
22 organization, or any other form of business organization, regardless of whether such natural
23 person owns or controls such ownership interest through one or more natural persons or one or
24 more proxies, powers of attorney, nominees, corporations, associations, partnerships, trusts, joint
25 stock companies, or other entities or devices, or any combination thereof.

26 **SECTION 2.** Chapter 17, Article IX, Section 17-313 of the Palm Beach County Code is
27 hereby amended as follows:

28 **Sec. 17-313. Motor vehicle title loan transactions.**

29 (a) A title loan lender ~~may engage in a title loan transaction, if~~ shall be required to
30 meet the following conditions are met requirements in order to engage in a title loan transaction:

1 (1) The title loan lender maintains ~~physical possession of~~ and securely stores
2 the motor vehicle certificate of title at the title loan office unless the certificate of title has been
3 forwarded to the appropriate state agency for the purpose of having a lien recorded or deleted;

4 (2) The borrower maintains possession of, or control over, the motor vehicle
5 throughout the term of the loan;

6 (3) The borrower is not required to pay rent or any other charge for the use of
7 the motor vehicle;

8 (4) The title loan lender holds a current, active license issued by the Division
9 pursuant to this Article;

10 (5) The title loan lender delivers to the borrower, at the time the loan is made,
11 a written title loan agreement that contains the following information:

12 a. The make, model, and year of the motor vehicle to which the loan
13 relates;

14 b. The vehicle identification number, or other comparable
15 identification number, along with the license plate number, if applicable, of the motor vehicle to
16 which the loan relates;

17 c. The name, residential address, date of birth, physical description,
18 and social security number of the borrower;

19 d. The date ~~of the transaction~~ the title loan agreement is executed by
20 the title loan lender and the borrower;

21 e. The identification number and the type of identification, including
22 the issuing agency, accepted from the borrower;

23 f. The amount of money advanced, designated as the "amount
24 financed";

25 g. The maturity date of the title loan agreement, which shall be thirty
26 (30) days after the date of the title loan agreement is executed by the title loan lender and the
27 borrower;

28 h. The total title loan charge payable on the maturity date, designated
29 as the "finance charge";

i. The total amount, amount financed plus finance charge, which must be paid to redeem the loan property on the maturity date, designated as the "total amount of all payments";

j. The annual percentage rate, computed in accordance with the regulations adopted by the Federal Reserve Board pursuant to the Federal Truth-in-Lending Act;

k. The name and address of the title loan office;

l. The name and address of the Division as well as a telephone number to which borrowers may address complaints;

m. The name and address of the Department of Banking and Finance as well as a telephone number to which consumers may address complaints.

n. A statement printed in not less than twelve (12) point type that:

1. If the borrower fails to repay the full amount of the title loan on or before the end of the maturity date and fails to make a payment on the title loan within thirty (30) days after the end of the maturity date or any extension of the maturity date, whichever is later, the title loan lender may take possession of the borrower's motor vehicle and sell the vehicle in the manner provided by law. If the vehicle is sold, the borrower is entitled to any proceeds of the sale in excess of the amount owed on the title loan and the reasonable expenses of repossession and sale.

2. If the title loan agreement is lost, destroyed, or stolen, the borrower should immediately so advise the issuing title loan lender in writing.

m. o. A statement printed in not less than fourteen (14) point, bold type that:

1. Your vehicle has been pledged as security for this loan and if you do not repay this loan in full, including the finance charge, YOU WILL LOSE YOUR VEHICLE.

2. THIS LOAN HAS A VERY HIGH INTEREST RATE. DO NOT COMPLETE THIS LOAN TRANSACTION IF YOU HAVE THE ABILITY TO BORROW FROM ANOTHER SOURCE AT A RATE LOWER THAN TWO AND ONE HALF PERCENT (2 1/2%) PER MONTH OR AN ANNUAL PERCENTAGE RATE LOWER THAN THIRTY PERCENT (30%) PER ANNUM ON THE FIRST \$2,000 OF THE PRINCIPAL

1 AMOUNT, TWENTY FOUR PERCENT (24%) PER ANNUM ON THAT PART OF THE
2 PRINCIPAL AMOUNT EXCEEDING \$2,000 AND NOT EXCEEDING \$3,000 AND
3 EIGHTEEN PERCENT (18%) PER ANNUM ON THAT PART OF THE PRINCIPAL
4 AMOUNT EXCEEDING \$3,000.

5 n. p. A statement that "The borrower represents and warrants that the
6 motor vehicle and the certificate of title is not stolen, it has no liens or encumbrances against it,
7 the borrower has the right to enter into this transaction, and the borrower will not attempt to sell
8 the motor vehicle or apply for a duplicate certificate of title while the title loan agreement is in
9 effect;"

10 o. q. Immediately above the signature of the borrower, a statement that "I,
11 the borrower declare that the information I have provided is true and correct and I have read and
12 understand the foregoing document,"

13 p. r. A blank line for the signature of the borrower and the title loan lender
14 or the title loan lender's agent, and

15 (6) The title loan lender displays, in a prominent place in the title loan
16 premises, a sign no smaller than three (3) feet by five (5) feet with the following message in
17 letters in no less than one (1) inch high:

18 IF YOU RECEIVE A TITLE LOAN, YOUR VEHICLE WILL BE PLEDGED AS
19 SECURITY FOR THE LOAN. IF YOU DO NOT REPAY THIS LOAN IN FULL,
20 INCLUDING ALL FINANCE CHARGES, YOU WILL LOSE YOUR VEHICLE.
21 THIS LOAN HAS A VERY HIGH INTEREST RATE. DO NOT COMPLETE A TITLE
22 LOAN TRANSACTION IF YOU HAVE THE ABILITY TO BORROW MONEY
23 FROM ANOTHER SOURCE AT AN INTEREST RATE LOWER ~~THAN TWO AND~~
24 ~~ONE HALF PERCENT (2 ½%) PER MONTH OR AN ANNUAL PERCENTAGE~~
25 ~~RATE OF~~ THIRTY PERCENT (30%) PER ANNUM ON THE FIRST \$2,000 OF THE
26 PRINCIPAL AMOUNT, TWENTY FOUR PERCENT (24%) PER ANNUM ON THAT
27 PART OF THE PRINCIPAL AMOUNT EXCEEDING \$2,000 AND NOT EXCEEDING
28 \$3,000 AND EIGHTEEN PERCENT (18%) PER ANNUM ON THAT PART OF THE
29 PRINCIPAL AMOUNT EXCEEDING \$3,000.

(b) No title loan agreement shall designate a weekend or legal holiday as a maturity date. A title loan that becomes payable on a day that the title loan lender's location or office is closed shall be deemed under the terms of the agreement as becoming payable on the next business day.

(c) No part of this Article shall be construed to impair or affect the obligation of any title loan agreement or contract that was lawfully entered into prior to the effective date of this Article.

SECTION 3. Chapter 17, Article IX, Section 17-314 of the Palm Beach County Code is hereby amended as follows:

Sec. 17-314. Maximum Interest Rate.

(a) A title loan lender may charge a maximum interest rate of ~~two and one-half percent (2 1/2%) per thirty (30) day period the title loan agreement remains outstanding and unsatisfied. In determining compliance with the maximum interest and finance charges, the computation must be simple interest and not add-on interest or any other interest computation~~ thirty percent (30%) per annum computed on the first \$2,000 of the principal amount, twenty-four percent (24%) per annum on that part of the principal amount exceeding \$2,000 and not exceeding \$3,000, and eighteen (18%) per annum on that part of the principal amount exceeding \$3,000. The original principal amount is the same amount as the amount financed, as defined by the federal Truth in Lending Act and Regulation Z of the Board of Governors of the Federal Reserve System. In determining compliance with the statutory maximum interest, the computations must be simple interest and not add-on interest or any other computations. When two or more interest rates are to be applied to the principal amount, the lender may charge interest at that single annual percentage rate which, if applied according to the actuarial method to each of the scheduled periodic balances of principal, would produce at maturity the same total amount of interest as would result from the application of the two or more rates otherwise permitted, based upon the assumption that all payments are made as agreed.

(b) The annual percentage rate that may be charged in a title loan transaction may equal, but not exceed, the annual percentage rate that must be computed and disclosed as required by the federal Truth in Lending Act and Regulation Z of the Board of Governors of the Federal Reserve System. ~~When the period for which the charge is computed is more or less than~~

1 ~~one month, the maximum rate for the period must be computed on the basis of one-thirtieth~~
2 ~~(1/30) the applicable monthly interest rate, multiplied by the number of days of the period. The~~
3 ~~maximum annual percentage rate of interest that may be charged is twelve (12) times the~~
4 ~~maximum monthly rate, and the maximum monthly rate must be computed on the basis of one-~~
5 ~~twelfth (1/12) the annual rate for each full month. The rate for each day in a fraction of a month~~
6 ~~when the period for which the charge is computed is more or less than one (1) month shall be~~
7 ~~determined by the rule adopted by the Department of Banking and Finance pursuant to the~~
8 ~~Florida Title Loan Act.~~

9 (c) Any transaction involving a borrower's delivery of a motor vehicle certificate of title
10 in exchange for the advancement of funds on the condition that the borrower shall or may redeem
11 or repurchase the certificate of title upon the payment of a sum of money, whether the transaction
12 be characterized as a "buy-sell agreement," "sale-leaseback agreement," or otherwise, shall be
13 deemed a violation of this Article if such sum exceeds the amount that a title loan lender may
14 collect in a title loan agreement under this Article or if the terms of the transaction otherwise
15 conflict with the permitted terms and conditions of a title loan agreement under this Article.

16 (d) No charges, including interest, in excess of the combined total of all charges
17 permitted by this section shall be allowed.

18 **SECTION 4.** Chapter 17, Article IX, Section 17-315 of the Palm Beach County Code is
19 hereby amended as follows:

20 **Sec. 17-315. Transaction satisfaction and default.**

21 (a) When the title loan has been paid in full, the title loan lender must deliver to the
22 borrower a certificate of title clear of all encumbrances placed upon the title by the title loan
23 lender within thirty (30) days of such payment in full.

24 (b) A title loan lender who engages in a title loan transaction may take possession of a
25 motor vehicle upon a borrower's default under the title loan agreement. Unless the borrower
26 voluntarily surrenders the motor vehicle, the title loan lender may only take possession of a
27 motor vehicle through an agent licensed by the State of Florida to repossess motor vehicles. Prior
28 to engaging a repossession agent, the title loan lender shall afford the debtor an opportunity to
29 make the motor vehicle available to the title loan lender at a place, date, and time reasonably
30 convenient to the title loan lender and the borrower. Prior to taking possession of the motor

1 vehicle the lender shall afford the borrower a reasonable opportunity to remove from the motor
2 vehicle any personal belongings without charge or additional cost to the borrower. Any sale or
3 disposal of a motor vehicle shall be made through a motor vehicle dealer licensed under Section
4 320.27, Florida Statutes, as may be amended. At least ten (10) days prior to sale, the lender shall
5 notify the borrower of the date, time, and place of the sale and provide the borrower with a
6 written accounting of the principal amount due on the title loan, interest accrued through the date
7 the title loan lender takes possession of the motor vehicle, and any reasonable expenses incurred
8 to date by the lender in taking possession of, preparing for sale, and selling the motor vehicle.
9 At any time prior to the sale, the title loan lender shall permit the borrower to redeem the motor
10 vehicle by tendering a money order or certified check for the principal amount of the title loan,
11 interest accrued through the date the title loan lender takes possession, and any reasonable
12 expenses incurred to date by the title loan lender in taking possession of, preparing for sale, and
13 selling the motor vehicle.

14 (c) Within thirty (30) days after the sale of the motor vehicle, the borrower is entitled
15 to receive all proceeds from the sale of the motor vehicle in excess of the principal amount due
16 on the loan, interest on the loan up to the date the title loan lender took possession, and the
17 reasonable expenses incurred by the title loan lender in taking possession of, preparing for sale,
18 and selling the motor vehicle.

19 (c)(d) Except as provided by this section, title loan lenders shall comply with the
20 applicable requirements of Chapter 679, Part V, Florida Statutes, as may be amended.

21 (d)(e) Nonpublic sales of motor vehicles or disposal of motor vehicles between
22 licensees, business affiliates or family members shall be presumed to be commercially
23 unreasonable.

24 **SECTION 5.** Chapter 17, Article IX, Section 17-316 of the Palm Beach County Code is
25 hereby amended as follows:

26 **Sec. 17-316. Right to redeem; lost title loan agreements.**

27 (a) Any person presenting identification as the borrower and presenting the
28 borrower's copy of the title loan agreement to the title loan lender is presumed to be entitled to
29 redeem the certificate of title described in the title loan agreement. However, if the title loan
30 lender determines that the person is not the borrower, the title loan lender is not required to allow

1 the redemption of the certificate of title by such person. The person redeeming the certificate of
2 title must sign the borrower's copy of the title loan agreement, which the title loan lender may
3 retain to evidence such person's receipt of the certificate of title. A person redeeming the
4 certificate of title who is not the borrower must show identification to the title loan lender,
5 together with written notarized authorization from the borrower, and the title loan lender shall
6 record that person's name and address on the title loan agreement retained by the title loan lender.
7 In any such case, the person redeeming the certificate of title shall be provided a copy of such
8 signed form as evidence of such transaction.

9 (b) If the borrower's copy of the title loan agreement is lost, destroyed, or stolen, the
10 borrower must notify the title loan lender, in writing by certified or registered mail, return receipt
11 requested, or in person evidenced by a signed receipt, and receipt of such notice shall invalidate
12 such title loan agreement if the certificate of title has not previously been redeemed. Before
13 delivering the certificate of title or issuing a new title loan agreement, the title loan lender shall
14 require the borrower to make a written statement of loss, destruction, or theft of the borrower's
15 copy of the title loan agreement. The title loan lender shall record on the written statement the
16 type of identification and the identification number accepted from the borrower, the date the
17 statement is given, and the number or date of the title loan agreement lost, destroyed or stolen.
18 The statement shall be signed by the title loan lender or the title loan office employee who
19 accepts the statement from the borrower. The title loan lender shall not impose any type of fee
20 for providing the borrower with a copy of the title loan agreement.

21 **SECTION 6.** Chapter 17, Article IX, Section 17-318 of the Palm Beach County Code is
22 hereby amended as follows:

23 **Sec. 17-318. Record keeping.**

24 (a) Every title loan lender licensed by the Division shall maintain, at the principal
25 place of business designated on the license, all books, accounts, records, and documents
26 necessary to determine the title loan lender's compliance with this Article.

27 (b) ~~The Division may authorize maintenance of records at a location other than a~~
28 ~~principal place of business.~~ The Division may require books and records to be produced and
29 available at a reasonable and convenient location within Palm Beach County, Florida.

30 (c) All books, accounts, records, documents and receipts for expenses paid by the title

1 loan lender on behalf of the borrower, including each contract signed by the borrower and
2 expenses incurred by the title loan lender in the event of foreclosure and property recovery, shall
3 be preserved by the title loan lender and shall be made available to the Division for examination
4 for five (5) years after the date of original entry.

5 (d) The Commission may prescribe by resolution the minimum information to be
6 shown in the books, accounts, records, and documents of licensees so that such records will
7 enable the Division to determine the title loan lender's compliance with this Article.

8 (e) Title loan lenders shall keep all certificates of title in fireproof or fire resistant
9 storage while the certificates are in the lender's possession.

10 **SECTION 7. REPEAL OF LAWS IN CONFLICT.**

11 All local laws and ordinances in conflict with any provisions of this Ordinance are hereby
12 repealed to the extent of such conflict.

13 **SECTION 8. SEVERABILITY.**

14 If any section, paragraph, sentence, clause, phrase, or word of this Ordinance is for any
15 reason held by the Court to be unconstitutional, inoperative, or void, such holding shall not affect
16 the remainder of this Ordinance.

17 **SECTION 9. INCLUSION IN THE CODE OF LAWS AND ORDINANCES.**

18 The provisions of this Ordinance shall become and be made a part of the Code of Laws
19 and Ordinances of Palm Beach County, Florida. The sections of this Ordinance may be
20 renumbered or relettered to accomplish such, and the word "ordinance" may be changed to
21 "section", "article", or other appropriate word.

22 **SECTION 10. EFFECTIVE DATE.**

23 The provisions of this Ordinance shall become effective upon filing with the Department
24 of State.

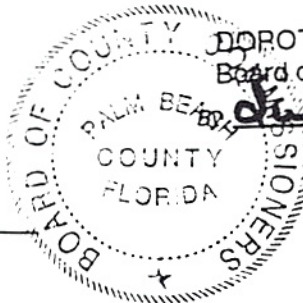
1
2 APPROVED and ADOPTED by the Board of County Commissioners of Palm Beach
3 County, Florida, on this the 31 day of October, 2000.

4
5 PALM BEACH COUNTY, FLORIDA, BY ITS
6 BOARD OF COUNTY COMMISSIONERS

7
8 By: Manda Ford Lee
9 Chair

10
11
12
13 APPROVED AS TO FORM AND
14 LEGAL SUFFICIENCY

15
16
17 By: Lana Burke
18 Assistant County Attorney



DOROTHY H. WILKEN, CLERK
Board of County Commissioners
By: Jude C. Hickman
DEPUTY CLERK

19
20
21
22 EFFECTIVE DATE: Filed with the Department of State on the 8th day of November
23 2000.

24
25 g:\wp8\common\pbccconsumeraffairs\titloan\titordam.wpd

11
STATE OF FLORIDA, COUNTY OF PALM BEACH
I, DOROTHY H. WILKEN, ex-officio Clerk of the
Board of County Commissioners certify this to be a
true and correct copy of the original filed in my office
on October 31, 2000
DATED at West Palm Beach, FL on 11/21/00
DOROTHY H. WILKEN, Clerk
By: Lana Burke D.C.